

DOCKET NO: W-01303A-09-0343 &
SW-01303A-09-0343

ORIGINAL



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From: Bob Golembe [mailto:anthemkid@cox.net]
Sent: Tuesday, March 16, 2010 4:33 PM
To: Mayes-WebEmail; Kennedy-Web; Newman-Web; Pierce-Web; Stump-Web
Cc: Utilities Div - Mailbox
Subject: Complaint: Arizona American Water Rate Filing; Docket: W-01303A-09-0343

Dear Chairwoman Mayes and Commissioners:

I believe there is a discrepancy of \$8 million for the repayment of infrastructure in Arizona American's Water (AAWC) application filing under this docket. In the recent past, I have requested a clarification of this issue from Mr. Thomas Broderick, AAWC rate analyst (see below), RUCO, Anthem Council attorney Mr. Larry Robertson and his rate analyst, Mr. Dan Neidlinger. Responses from all are conflicting and none of the figures add up to the \$28 million in repayment for the test year ending Dec. 31, 2008, as stated in AAWC filing (see attachment).

I believe this issue is important and deserves an answer. Accordingly, it is respectfully requested that Commission Staff review this item and kindly provide a response or held for discussion during the forthcoming hearings.

Thank you,

Bob Golembe
Anthem

Arizona Corporation Commission

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----- Original Message -----

From: Bob Golembe <mailto:anthemkid@cox.net>
To: Thomas Broderick <mailto:Thomas.Broderick@amwater.com>
Sent: Thursday, March 11, 2010 7:41 AM
Subject: \$20 or \$28 Million?

Dear Mr. Broderick,

I have read the Executive Summary (see attachment) for the July 2009 Anthem Water/Wastewater case and confused with the amount of repayment of infrastructure included in the current application.

I understand the test case for the last 3 years ending Dec. 31, 2008 includes: 2006, 2007 and 2008. In the May 2008 application where Anthem was withdrawn, \$20+ million was cited. However, in the current July 2009 filing, \$28+ million is cited.

If the test year ends in 2008, why is AAWC asking for \$28 million or \$8 million more than the previous filing of 1 year ago? In other words, which is the correct figure for repayment of infrastructure: \$20 million or \$28 million? And, if \$20 million is correct, what part does the \$28

million play? Finally, is the repayment amount amortized over 20 or more years?

Thanks,

Bob Golembe
Anthem

ATTACHMENT:

Arizona-American Water Company
Direct Testimony of Thomas M. Broderick
Docket Nos. W-O1303A-09--; SW-01303A-09-
Page iii

EXECUTIVE SUMMARY

Thomas M. Broderick testifies that:

The total requested revenue increase is \$20,628,634 and the test year is 2008.

This case includes the districts of Anthem Water, Anthem / Agua Fria Wastewater, Sun City

Water, Sun City Wastewater, and Sun City West Wastewater.

The Company has continued to make necessary capital investments to adequately provide water

and wastewater service to its customers and it has experienced increases in its operations and

maintenance expenses since the 2005 test years for previous rate cases for the districts in this

new case (except Sun City Water - 2006 previous test year). The Company is also eligible - due

to the passage of time - to include capital investments that were made much earlier than 2005 in

rate base pursuant to an earlier agreement with the Commission regarding imputed regulatory

advances and contributions.

The primary increased investment and expenses in the three years since the previous test years

for these districts include:

1) Additional original cost utility plant in service totaling \$70.7 million (all 5 districts),

including the Verrado wastewater treatment plant expansion (only Anthem / Agua Fria wastewater district);

2) Additional amortization of imputed regulatory advances and contributions totaling \$28.4 million (all 5 districts);

3) Anthem developer refunds totaling \$28.1 million (only Anthem water and Anthem /

4) Additional depreciation expense associated with additional original cost utility plant

Agua Fria wastewater districts);